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## India

## Coffee Semi-annual

## 2013

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**Report Highlights:**

India's 2013/14 coffee crop (Oct/Sep) is forecast 100,000 bags lower at a 5.1 million 60 kg bags due to heavy monsoon rains that lowered yields. Despite expected lower world prices, exports are forecast only marginally lower at 5.2 million 60 kg bags. Foreign demand for Indian beans and processed coffee is expected to remain strong as a weaker rupee aids exports. India continues to import significant volumes of coffee for processing and re-export. Preliminary data suggest that 2012/13 imports were 40 percent higher than previously estimated.

## **Heavy Rains Reduce Yields**

Marketing year (MY) 2013/14 (Oct/Sep) coffee production is estimated 100,000 60 kg bags below the previous estimate at 5.1 million 60 kg bags. This is significantly lower than the Coffee Board's pre-monsoon (July) estimate of 5.7 million 60 kg bags. However, heavy rains in key growing regions appear to have reduced yields. Government of India rainfall data indicates that rainfall amounts in interior Karnataka, which contributes 70 percent of the total production, were 30 percent higher than normal during the monsoon season. Heavy rains lowered yields due to higher than normal levels of berry droppings while persistent wet conditions resulted in the emergence of certain fungal diseases. The Robusta crop is expected to bear lower fruit in MY 2013/14 as the crop enters its "off" year in the production cycle. Robusta is the more popular variety and constitutes 70 percent of the coffee production in India. The Arabica crop is entering the 'on-year' of the biennial production cycle, but potential production gains have been tempered by weather conditions. The Coffee Board is expected to announce a revised estimate within a few weeks.

For MY 2012/13 (Oct/Sep) total production has been revised to 5.3 million 60 kg bags, which reflects the Coffee Board's final estimate based on crop harvest data.

## **Exports Down**

Exports for marketing year (2013/14) are forecast at 5.1 million 60 kg bags, down 105,000 60 kg bags from last year's record level. Lower export prices, a reduced domestic crop, and large crops in key producing countries are expected to temper Indian exports, but exporters are optimistic that significant volumes of coffee will be exported. Based on near-final import data, bean imports from Vietnam and Indonesia increased significantly in MY 2012/13 as domestic instant coffee manufacturers catered to foreign demand especially in Russia, ably aided by a weaker rupee. Note: India allows duty-free coffee imports for processing and re-export. Exports have consistently reached 5 million 60 kg bags since MY 2010/11. Italy, Germany, Russia and Belgium are the top markets.

While Indian Arabica prices have remained steady, prices for Robusta, which comprises the bulk of Indian exports, have dropped significantly in anticipation of larger global supply, supporting the expectation that exports will be competitively priced. Export estimates for 2011/12 reflect the latest data from the Coffee Board.

## **Consumption**

The bulk of India's coffee production is exported and the domestic industry focuses much of its marketing effort on export promotion. There are signs that the popularity of coffee is increasing with the spread of both foreign and home-grown coffee shops. However, exports continue to siphon large amounts of coffee away from the domestic market and consumption estimates are unchanged.

**Table 1: Commodity, Coffee, Green, PSD**

Coffee, Green India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	402	410	411	415	410	411
Area Harvested	369	369	370	376	370	370
Bearing Trees	566	566	568	568	568	568
Non-Bearing Trees	65	65	64	64	64	64
Total Tree Population	631	631	632	632	632	632
Beginning Stocks	1,742	1,742	1,432	1,421	1,157	1,529
Arabica Production	1,690	1,690	1,670	1,643	1,700	1,633
Robusta Production	3,540	3,540	3,580	3,660	3,500	3,467
Other Production	0	0	0	0	0	0
Total Production	5,230	5,230	5,250	5,303	5,200	5,100
Bean Imports	880	879	820	1,127	800	933
Roast & Ground Imports	0	1	0	3	0	2
Soluble Imports	10	12	10	30	10	15
Total Imports	890	892	830	1,160	810	950
Total Supply	7,862	7,864	7,512	7,884	7,167	7,579
Bean Exports	3,730	3,735	3,750	3,750	3,750	3,666
Rst-Grnd Exp.	5	4	5	5	5	4
Soluble Exports	1,475	1,484	1,500	1,500	1,475	1,480
Total Exports	5,210	5,223	5,255	5,255	5,230	5,150
Rst,Ground Dom. Consum	840	840	750	750	770	770
Soluble Dom. Cons.	380	380	350	350	430	430
Domestic Use	1,220	1,220	1,100	1,100	1,200	1,200
Ending Stocks	1,432	1,421	1,157	1,529	737	1,229
Total Distribution	7,862	7,864	7,512	7,884	7,167	7,579

1000 HA, MILLION TREES, 1000 60 KG BAGS

**Commodities:**  
Coffee, Green